

To: Vermont State Legislature
From: Maura Collins
Date: December 6, 2021
Re: Need to swap ARPA for General Funds

In Act 74 of 2021, the Vermont State Legislature supported the Governor's request for the Vermont Housing Finance Agency (VHFA) to pilot a new weatherization program focused on low- and moderate-income Vermonters. Through discussions with the legislature, energy efficiency experts, and Vermont's utilities, this initiative grew into an on-bill repayment program now called the Weatherization Repayment Assistance Program, or WRAP.

VHFA was appropriated \$9 million to support the design, startup, and implementation costs for the pilot. Additionally, we expect there to be sufficient funding to serve approximately 1,500 households in 2022 and 2023 with weatherization activities.

In the program, income-eligible property owners receive a free home energy audit, and if the results predict at least a 10% home heating savings as a result of the proposed weatherization activities, the entire upfront cost of the project can be provided through a combination of incentive (grant) funds provided by one of the energy efficiency utilities and the remaining could be covered by WRAP.

With up to half of the project (up to \$5,000) paid for by Efficiency Vermont, VT Gas Systems, or Burlington Electric, the remainder will be funded with WRAP funds as a loan *to the utility meter* of the home. Under this pilot whoever is responsible for paying the utilities for that meter will assume the responsibility of repaying the loaned WRAP funding over a time period designed to ensure the customer saves more as a result of the weatherization efforts than they pay back to WRAP.

Over the course of 2021 VHFA, in partnership with the energy efficiency utilities and many individual electric companies like Green Mountain Power, VT Public Power Supply Association, and others, have worked to design a single tariff that – should it be approved by the Public Utilities Commission – will be available to all utilities for statewide implementation. This pilot was a recommendation of the recently released [Vermont Climate Action Plan](#) to meet Vermont's Global Warming Solutions Act requirements.

In July the US Treasury released a Frequently Asked Questions response saying that loaned State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) could not be used as capital for a loan with a maturity beyond 2026. Therefore, any WRAP funding to pay for weatherization that is repaid after 2026 is not an eligible use of ARPA State Fiscal Recovery Funds, as the legislature appropriated. We have explored a number of creative solutions with Guidehouse to see if there is a way around this but have not found a solution.

The Governor and VHFA jointly request the legislature to swap the appropriated ARPA funding with general funds so we can continue the development of this exciting model and bring it to Vermont customers statewide as soon as possible.